

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

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DATE: June 4, 2008  
TO: Low Income Housing Tax Credit Stakeholders  
FROM: William J. Pavão, Executive Director  
SUBJECT: Updated Estimated Credit Available Chart

In preparation for the first round of 9 percent credit awards, the California Tax Credit Allocation Committee (TCAC) is posting an updated allocation process chart. The substantive changes are as follows:

**Revised Available Returned Credit Amount (Step 1)**

The starting federal figure under Step 1 is comprised of the federal formula credits plus any available credits returned between January 1, 2008 and the February 1, 2008. Following a final reconciliation, the available returned credit amount was revised down by \$934 in annual federal credits. This slight revision to the starting federal credit amount causes very minor downward adjustments in each of the set-asides and in the federal portions of the geographic apportionments.

**Increased Supplemental Set-Aside Balance (Step 2)**

Since February 1, 2008 TCAC has received returned annual federal credits totaling \$712,293. By regulation, those returned credits are added to the Supplemental Set Aside. Generally, the Supplemental Set Aside is used to fully fund pending applications during and following the second round.

**Increased Available State Credit Amount (Step 3)**

Since February 1, 2008 TCAC has received returned State credits totaling \$1,846,930. These additional credits add to the total available for 4 percent-plus-State credit applications, as well as to the total available for the geographic apportionments in the nine percent competition.

**Reduced Housing Type Goals (Step 6)**

The credits associated with each housing type goal have been reduced to reflect federal credit amounts as required by regulation. The February chart inadvertently included federal and State credits in the calculations. In backing out the State credits, the remaining goal figures are significantly reduced.

If you have any questions, please contact your regional analyst.

(a) All credit allocated to these set-asides is taken from the geographic apportionment, and any awards made in these set-asides will reduce the appropriate geographic set-aside's total credit available.

(b) State credit allocated to projects in these set-asides is taken from the geographic apportionment, and any awards made in these set-asides will reduce the appropriate geographic set-aside's total credit available.

(c) Less \$1,824,431 for Round 1 Set Aside Amount, which was forward committed for 2008 from the Supplemental Set Aside to fund a priority project.

(d) The Adjusted Credit amounts are calculated as follows:  $(\text{Annual Federal Credit} \times 10 + \text{Total State Credit}) / 10$ .

(e) The Adjusted Surplus or Deficit: the full adjusted credit balance from 2007, i.e., - annual federal credits allocated to projects throughout 2007 and - state credits allocated to projects in 2007 divided by ten.

(f) Estimated Adjusted Credit totals were calculated as follows: the adjusted annual credit + adjusted credit awarded from round 1.

(1) "Credit Ceiling is defined in 10302 (j) to include all elements shown below, following Ceiling definition in IRS Code Section 42.

(2) Health and Safety Code part 50199.2 establishes Rural Set Aside at "...20 percent of the federal ceiling." TCAC Regs Part 10315 also defines Set Asides with reference to a given percentage of the "Federal Credit Ceiling".

(3) Similar language applies to Geographic Apportionments in Regs part 10315(k).

CALCULATION OF STATE TAX CREDIT CEILING AND HOUSING TYPE GOALS				
Step 4 - Calculate State Credit Ceiling				
New Credits			\$70,000,000	
Plus State Credit CPI Adjustment			\$13,966,419	
State Tax Credit for 15% Set Aside Purposes			\$83,966,419	
Plus Carry Forward of Prior Year's Credits			\$0	
Less Advance Allocations in Prior Year			(\$2,124,291)	
Plus Returned Credits			\$1,963,599	
Total State Tax Credit Available for Year			\$83,805,727	
Step 5 - Calculate Bond Financed Project Set Aside				
		Set Aside Percentage	Set Aside Dollar Amount	
Bond Financed Projects		15%	\$12,570,859	
Other (9%) Projects		Balance of Total	\$71,234,868	
Total			\$83,805,727	
Step 6 - Calculate Housing Type Goals, Federal Tax Credits				
Annual Federal Tax Credit Ceiling				\$73,131,816
Housing Type Goals	Type	Percentage	Annual	Round 1
	Large Family	65%	\$47,535,680	\$23,767,840
	SRO	10%	\$7,313,182	\$3,656,591
	At Risk	5%	\$3,656,591	\$1,828,295
	Special Needs	5%	\$3,656,591	\$1,828,295
	Seniors	15%	\$10,969,772	\$5,484,886